
Presentation to Board of Directors California High Speed Rail Authority



The PwC Team...

Rank	Advisor	No. of Deals	Volume (US\$ m)
1.	PRICEWATERHOUSECOOPERS 	37	18,076
2.	Ernst & Young*	26	3,770
3.	KPMG*	20	4,716
4.	Grant Thornton*	18	2,137
5.	Macquarie	11	8,284
6.	BNP Paribas	10	12,556
7.	HSBC	5	6,134
8.	SG	4	14,881
9.	RBC	4	2,711
10.	RBS	3	4,978

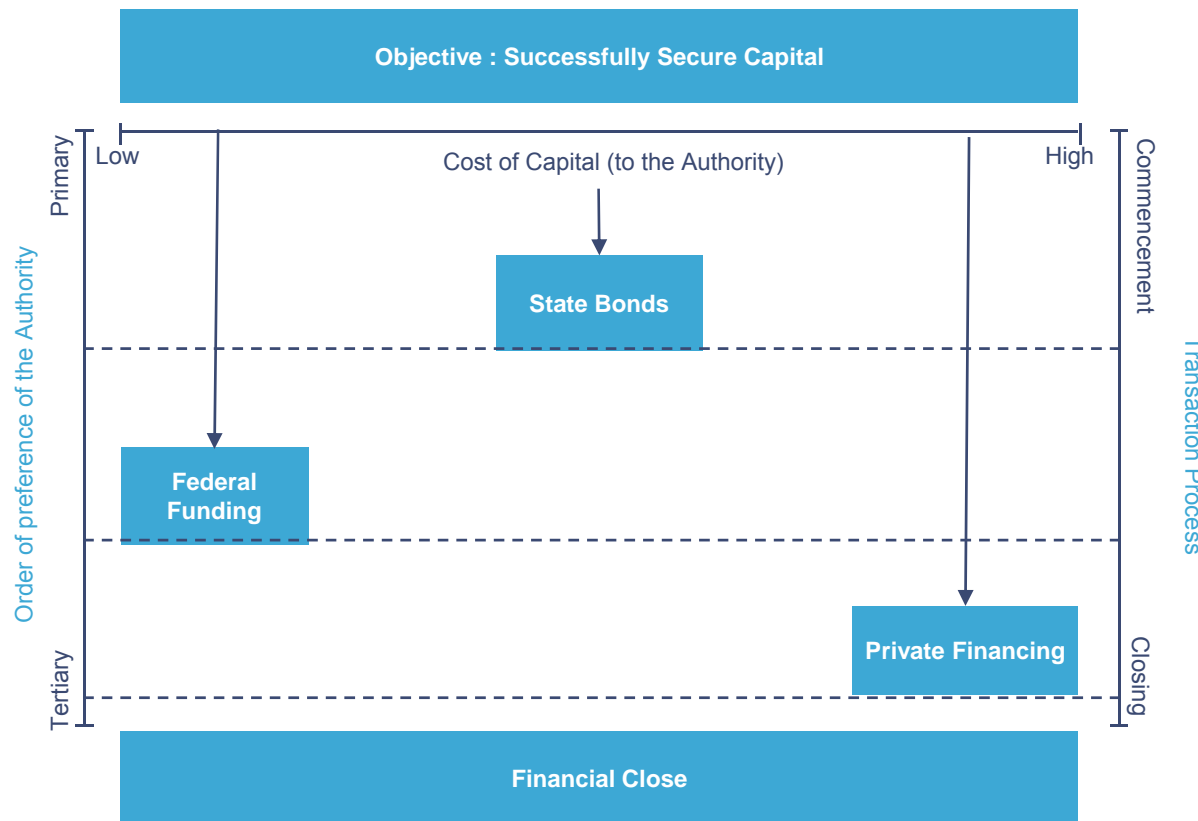
Source: Project Finance International, January 2010

* After removing deals falling below US\$20m minimum threshold stated in league table criteria

- Mega-projects find success when stakeholders have transparency to the risks and mitigants of the Project. Our team's approach to finding solutions will instill confidence in your stakeholders and in the Project.
- High Speed Rail transactions are unique – our team will leverage our global experience and expertise for the Authority, bringing insight and strategic vision as you move forward.
- Our knowledge and prior experience in the California financial and regulatory market will guide the team as we develop a credible financial plan that moves the Authority towards securing capital for the Project.



Understands the Challenges Facing the Project...



- Proposition 1A successfully raised \$9.0 billion of capital to fund high speed rail, indicating fundamental support from California citizens.
- However, Proposition 1A will only be considered a long-term success when California sees Federal and private capital committed for this Project.
- We will leverage the depth of our Federal expertise to work closely with the Authority, guiding you through the process of this second stage of capital identification.
- As Federal funding is secured, coupled with Proposition 1A bonds and other local capital sources, we will further leverage our global network to identify optimal solutions for the Authority.

And Recognizes the Magnitude of the Task.

- As we look ahead to the challenges that will face the traditional project finance market over the coming 3-5 years, the PwC team will work with the Authority to maximize local and Federal capital, lowering the cost of capital for the Project.
- Our expertise in developing innovative funding and financing solutions will serve the Authority well.

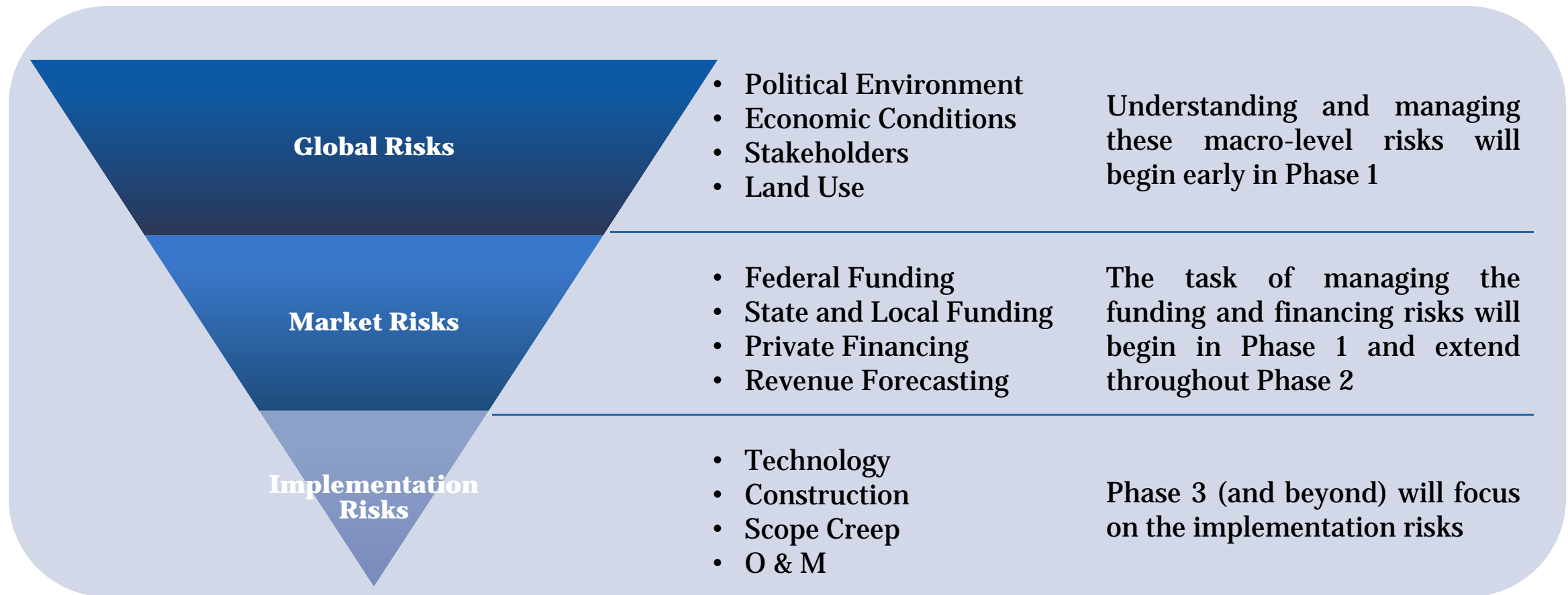
USD Millions	CAHSRA's Expected Funding (Base Case)		CAHSRA's Expected Funding (High Case)		The “What If” Scenario (Low Case)		At Risk Capital (High-Low Case)		At Risk Capital (Low Case)	
Federal Funding										
ARRA Allocated	\$	2,500	\$	2,500	\$	2,500	\$	-	\$	-
Other (TBD)		14,500		16,500		-		2,000		16,500
Total Federal		17,000		19,000		2,500		2,000		16,500
State Funding										
Proposition 1A	\$	9,000	\$	9,000	\$	9,000	\$	-	\$	-
Private Activity Bonds		-		-		-		-		-
Other (TBD)		-		-		-		-		-
Total State		9,000		9,000		9,000		-		-
Local Funding										
Transit - Oriented Development	\$	2,000	\$	2,000	\$	2,000	\$	-	\$	-
Other (TBD)		2,000		3,000		-		1,000		3,000
Total Local		4,000		5,000		2,000		1,000		3,000
Private Financing**										
Amount Needed to Cover Balance	\$	13,000	\$	10,000	\$	29,500				
Equity Capital = 40%		5,200		4,000		8,850				
Debt Capital = 60%		7,800		6,000		20,650				
Unidentified Capital Sources Needed*										
\$ 19,500										
*Calculated as the difference between “Amount Needed to Cover Balance” in “Low Case” and “High Case”										
**Estimated at 40% equity / 60% debt for discussion and illustrative purposes only										

By Working Together to Develop Innovative Solutions,

Self Liquidating	Public Funding	Private Financing
Traditional Sources of Funding		
<ul style="list-style-type: none"> • Farebox • “Pay as you go” • Membership Fees • Food & Beverage Concessions 	<ul style="list-style-type: none"> • Tax Exempt /Municipal Bonds • Federal Grants • State Taxes • Local Taxes 	<ul style="list-style-type: none"> • Bank Loans • 144A & Reg D Bond Offering
Innovative Sources of Funding (Can Be Used with Traditional Funding)		
<ul style="list-style-type: none"> • Advertising • Naming Rights • Parking • Concessions (Rights) • Air Rights • Capacity Charge • Congestion Pricing • Revenue (Yield) Management Pricing 	<ul style="list-style-type: none"> • State Infrastructure Banks (SIB) • TIFIA • Tax Credit Bonds • Revenue Bonds • Special Improvement Districts • Benefit Assessment Districts • TOD/Joint Development • Tax Increment Finance 	<ul style="list-style-type: none"> • Private Equity • Joint Ventures • Availability Payments • Asset Monetization • Private Activity Bonds (PAB)

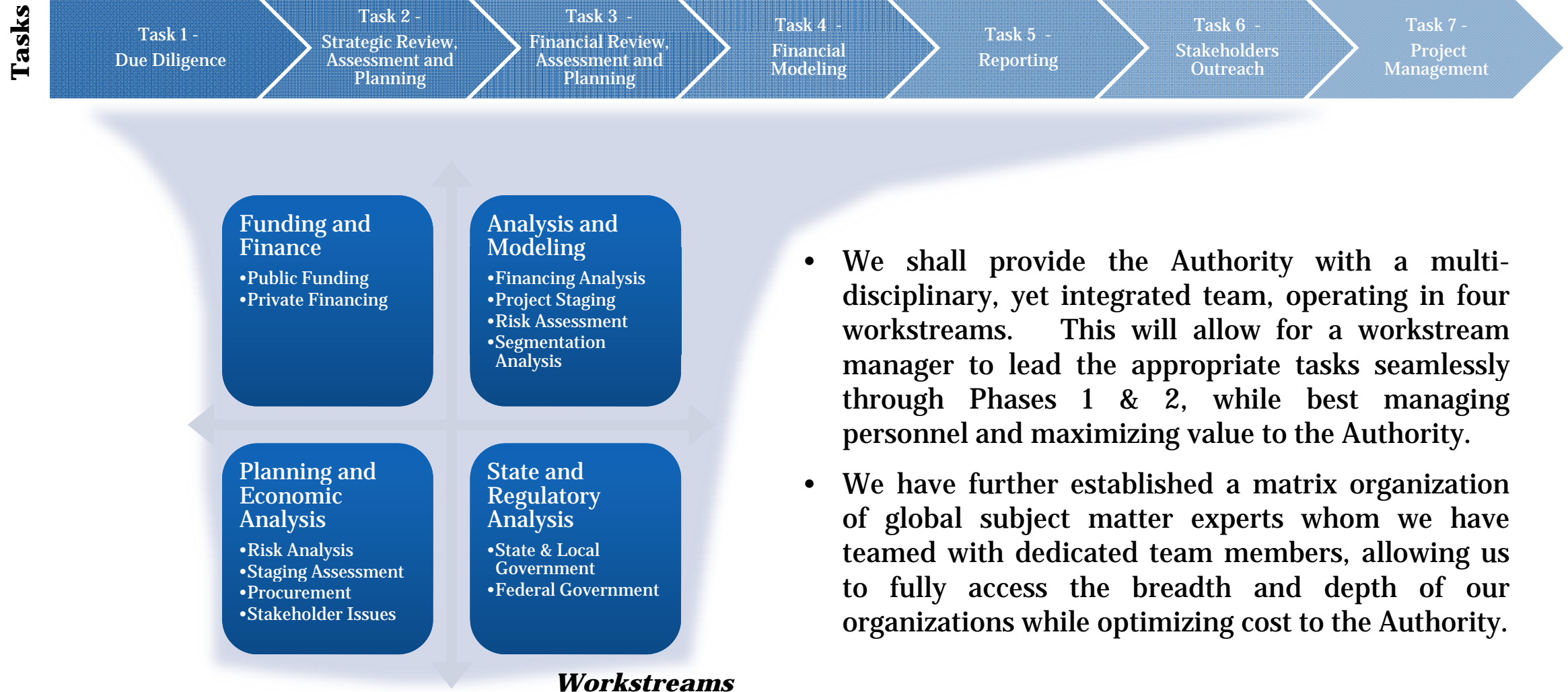
- Innovative financing solutions marry self-liquidating structures with public funding to generate stakeholder interest and prepare a solution to attract optimal private capital.
- By addressing innovative municipal financing sources, we can simultaneously address issues including right-of-way, land acquisition, and transit-oriented developments.

We Will Help the Authority to Manage its Risks.



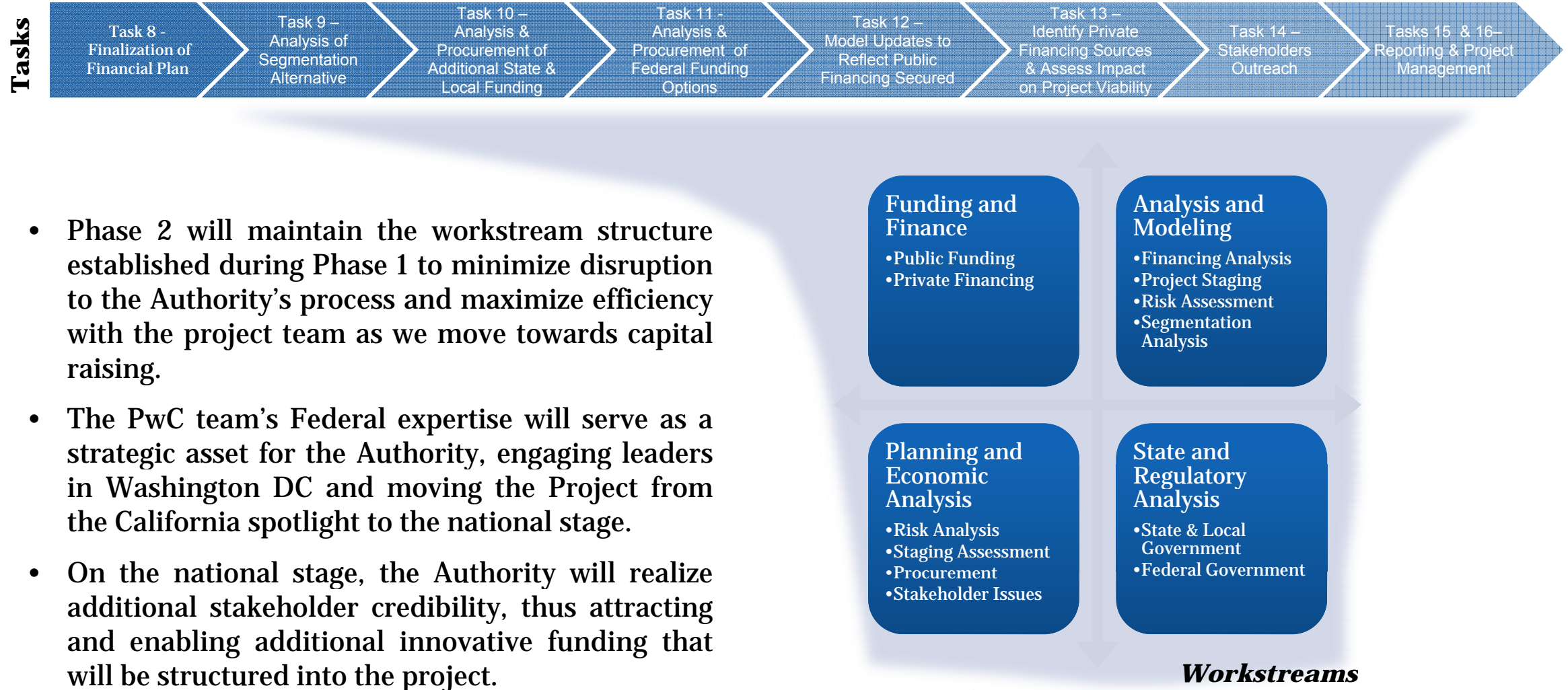
Managing Risks \equiv Controlling Costs + Protecting Credibility + Cultivating Stakeholders

Our Approach – Phase 1



- We shall provide the Authority with a multi-disciplinary, yet integrated team, operating in four workstreams. This will allow for a workstream manager to lead the appropriate tasks seamlessly through Phases 1 & 2, while best managing personnel and maximizing value to the Authority.
- We have further established a matrix organization of global subject matter experts whom we have teamed with dedicated team members, allowing us to fully access the breadth and depth of our organizations while optimizing cost to the Authority.

Our Approach – Phase 2



A Highly Qualified Team to Manage This Historic Project



<div>Project Leader</div> <div>Sotiris Pagdadis, Ph.D.</div>			
<div>Project Manager</div> <div>Charlie Johnson-Ferguson</div>			
<div>Funding & Finance</div> <div>Stephanie Hogue</div>	<div>Analysis & Modelling</div> <div>Philippe Raymond</div>	<div>Planning & Econ. Analysis</div> <div>Robert Vroman</div>	<div>Statutory & Reg. Analysis</div> <div>James Martling</div>
<div>Public Funding</div> <div>Private Financing</div>	<div>Financing Analysis</div> <div>Project Staging</div> <div>Risk Assessment</div> <div>Segmentation Anal.</div>	<div>Risk Analysis</div> <div>Staging Assessment</div> <div>Procurement</div> <div>Stakeholder Issues</div>	<div>State & Local Gov't</div> <div>Federal Governemnt</div>

Extended Project Team	
<i>Skills</i>	<i>Name</i>
Modelling	Mara Kelly
Private Equity	Mara Kelly
Public Funding	Kylee Anastasi
Procurement	Kylee Anastasi
Modelling/ Analysis	Kylee Anastasi
Financial Structuring	James Gibbs
Financial Analysis	Chris Vinck

Subject Matter Expert	
<i>Expertise</i>	<i>Name</i>
Rail Finance	Charlie Ferguson
Financial Risk	Charlie Ferguson
Rail Operations	Julian Smith
Rolling Stock	Julian Smith
Risk Assessment	Sotiris Pagdas
Infrastructure	Sotiris Pagdas
Federal Funding	Peter Raymond
Federal Regulation	Peter Raymond
Rail Regulation	Joel Moser
Alt. Procurement	Esther Tse

6 dots	8 dots	5 dots	2 dots
2 dots	7 dots	4 dots	3 dots



Building relationships, creating value

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